

NEWS RELEASE

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GASOLINE PRICES UNDERSCORE NEED FOR DOMESTIC EXPLORATION AND PRODUCTION

Watching the gas pump pass the \$20 mark well before your gas tank is full is a disheartening experience. Gas prices have a major impact on our lives, affecting the economy and our daily activities. Gasoline keeps America moving. Each year our personal vehicles burn more than 115 billion gallons of gas and diesel fuel, the equivalent of more than three-and-a-half gallons per household per day.

While the Utah Division of Oil, Gas and Mining is not involved with gasoline pricing and regulations at the pump, it does play a part in the early process of the gasoline supply chain. The division's mission is to promote exploration, development and conservation of our oil and gas resources.

"Gas prices have always been a sore spot for consumers and to most people it seems as if there's little rhyme or reason to how gas prices are determined," said John Baza, Associate Director for the Oil and Gas program. "There are many factors that affect price, such as the supply of crude oil, demand outpacing refinery capacity, distance from oil refineries, and taxes to name a few."

The single biggest factor affecting gas prices is the availability of crude oil. We depend heavily on foreign oil imports, in December 2003 alone importing 300 million barrels. It may surprise you to learn that the United States is the world's second largest producer of oil. While alternative fuel sources continue to develop, none have yet reached a point that they can economically replace gasoline. "Until they do," adds Baza, "It is in our best interest to find and produce as much oil as possible."

While the biggest production region in the United States is around the Gulf of Mexico, and Texas is the largest producing state, Utah contributes its share. Utah ranks 14<sup>th</sup> in the country in crude oil production and 11<sup>th</sup> in the nation in crude oil proved reserves. Currently there are about 6,500 oil and gas wells in Utah capable of some production.

"Modern technology allows us to find and develop crude oil supplies without undue harm to the environment," says Baza. "While some areas should be off-limits, instead of restricting and hindering the process we should be encouraging it because of the benefits to our society."

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